








## Lesson Plan

### Lesson 7 – Unique Filing Status and Exemption Situations

Time Required: 30 minutes

Introduction	Objectives	Topics
<p>This lesson addresses:</p> <ul style="list-style-type: none"><li>Filing status issues you may encounter when assisting taxpayers who are not U.S. citizens</li><li>Exemption issues related to taxpayers who may have a nonresident alien spouse or nonresident alien stepchildren</li></ul>	<p>Determine whether an individual is a resident or nonresident alien.</p> <p>Determine who can claim the personal exemption for a spouse who is a nonresident alien.</p> <p>Apply the support test and citizen or resident test to determine whether an individual can be claimed as a dependent.</p> <p>Apply special rules for Head of Household status when the spouse is a nonresident alien.</p>	<p>    </p> <p>Determining alien status</p> <p>Exemption for nonresident alien spouse</p> <p>Dependency exemptions</p>

### Key Terms

**Dependent:** An individual who may be claimed as a dependent on another person's tax return; that is, someone who meets all applicable dependency tests.

**Dual status alien:** An alien who is both a nonresident and resident alien during the same tax year. The most common dual-status tax years are the years of arrival and departure.

**Earned Income Credit (EIC):** A credit that can be paid to low-income workers, even if no income tax was withheld from the worker's pay. To receive the credit, a taxpayer must file a tax return.

**Exemptions (Personal or Dependency):** Amount that taxpayers can claim for themselves, their spouses, and eligible dependents. An exemption is a dollar amount that can be deducted from an individual's total income, thereby reducing the taxable income.

**Green card test:** The determination that an individual has been issued a "green card" by the United States Citizenship and Immigration Services (USCIS), generally making that person a lawful, permanent resident of the United States.

**Head of Household Filing Status:** This filing status is generally for unmarried taxpayers who paid more than half the cost of keeping up a home for a qualified dependent relative during the tax year.

**Married Filing Jointly:** Filing status for taxpayers who are married to each other or live together in a common law marriage and combine their income and deductions on the same tax return. The status also applies to taxpayers who are separated but not divorced and to taxpayers whose spouse died during the tax year and have not remarried, as long as one tax return is used for both individuals.

**Married Filing Separately:** Filing status for taxpayers who are married to each other or live together in a common law marriage and report their own incomes and deductions on separate returns.

**Nonresident alien:** A residency status of an individual who does not meet the Green Card Test or the Substantial Presence Test.

**Qualifying child:** To be identified as a qualifying child and dependent, a person must meet eight tests: Relationship test, Age test, Support test, Residence test, U.S. citizen or resident test, Joint return test, Qualifying child of more than one person test, and Dependent taxpayer test.

**Resident alien:** An individual is considered to be a U.S. resident alien if he or she meets either the Green Card Test or the Substantial Presence Test.

**Substantial presence:** The criteria that an individual without a green card must meet in order to be considered a resident alien; the criteria relate to specific numbers of days physically present in the United States.

### Teacher Tips

#### Guidelines for Lesson

Guideline	Instructor Notes	Presentation Aids
Lesson background info	<p><b>Review</b> the online demo of TaxWise on entering the taxpayer's main information.</p> <p><b>Indicate</b> the entries affected when taxpayers are not U.S. citizens or when taxpayers have a nonresident alien spouse or nonresident alien stepchildren.</p>	<p><b>TaxWise® Demo:</b></p> <p>From the Practice Lab, select :</p> <ul style="list-style-type: none"> <li>• 2011 TaxWise IRS training</li> <li>• TaxWise Desktop Preparer with VITA/TCE Training menu or the TaxWise Online Preparer with VITA/TCE Training menu</li> <li>• Click the Main Information button, then select Part 1 (Filing basics), Part 2 (Filing Status), or Part 3 (Exemptions).</li> </ul>
Provide details and engage the students	<p><b>Discuss</b> all tips and cautions in detail.</p> <p><b>Ask</b> students to read and/or role-play examples and sample interviews.</p> <p><b>Review</b> answers to each exercise; ask students how they arrived at their answers.</p>	<p><b>Internet:</b></p> <p>Link &amp; Learn Taxes (L&amp;LT) <a href="#">Unique Filing Status and Exemption Situations</a></p>

## Topic-specific Tips

Topic Name	Instructor Notes	Presentation Aids
Introduction	<p><b>Review</b> lesson objectives.</p> <p><b>Review</b> list of references.</p> <p><b>State</b> the presentation time.</p>	<p><b>Visuals:</b></p> <p><a href="#">Form 1040</a>, lines 1-6d and line 64a (EIC)</p> <p><a href="#">Form 13614-C</a>, Section A, Part I – Your Personal Information, and Part II – Marital Status and Household Information</p> <p>Publication 4012 (Tabs A, B, and C, and Tab 1)</p>
Determining alien status	<p><b>Prompt</b> students to share what they know about resident and nonresident aliens using the Student Landing Page questions.</p> <p><b>Inform</b> students that nonresident aliens are taxed differently from resident aliens</p> <p><b>Ask</b> students to find the parts of the intake and interview sheet where taxpayers indicate:</p> <ul style="list-style-type: none"> <li>• Whether or not they and their spouse are U.S. citizens.</li> <li>• Citizenship or residency of family members and dependents</li> </ul> <p><b>Direct</b> students to Pub 4012:</p> <ul style="list-style-type: none"> <li>• Tab A-4, Determining Residency Status decision tree</li> <li>• Tab B-2, Filing Status Interview Tips</li> </ul> <p><b>Ask:</b> When a green card has been issued, what is the residency status?</p> <p><b>Answer:</b> Resident alien</p>	<p><b>Visuals:</b></p> <p>Student Landing Page Questions</p> <p><a href="#">Form 13614-C</a>, Section A, Part II - Marital Status and Household Information</p> <p>Pub 4012 (Tab A-4) <a href="#">Determining Residency Status – Decision Tree</a></p> <p>Pub 4012 (Tab B-2) <a href="#">Filing Status Interview Tips</a></p> <p>Pub 4012 (Tab 1) <a href="#">Main Information Screen</a>, Filing Status and Exemptions section</p> <p><b>Internet:</b></p> <p><a href="#">L&amp;LT Unique Filing Status and Exemption Situations</a>, Determining Alien Status</p> <p>Interactive Tax Assistant: <a href="#">What is my filing status?</a></p>

Exemption for nonresident alien spouse

**Review** L&LT topic Exemption for Nonresident Alien Spouse.

**Ask** a volunteer to read the case study in this topic. Answer any student questions.

**Ask:** What are two ways citizens or resident aliens who are married to nonresident aliens can claim the personal exemption for their spouses? **Answer:** Either treat the spouse as resident alien on a joint return or treat the spouse as a nonresident alien on a Head of Household or Married Filing Separately return.

**Show** table for Ending the Choice from Pub 54 when discussing choice to treat nonresident alien spouse as a U.S. resident.

**Ask:** Can a taxpayer filing Head of Household who is married to and living with a nonresident alien spouse claim the earned income credit?

**Refer** students to Pub 4012 (Tab C-2) Personal Exemptions Interview Tips when discussing Married Filing Separately status.

**Visuals:**

[L&LT Unique Filing Status and Exemption Situations](#), Exemption for Nonresident Alien Spouse

Pub 4012 (Tab 1) [Main Information Screen](#), Filing Status and Exemptions

Pub 4012 (Tab B-1) [Determination of Filing Status – Decision Tree](#)

Pub 4012 (Tab B-2) [Filing Status Interview tips](#)

Pub 4012 (Tab C-2) [Personal Exemptions Interview Tips](#)

[Pub 17](#), Head of Household, Nonresident alien spouse

Tax Map: [Alien Statuses](#)

Pub 54, [Table for ending choice to be treated as a resident alien](#)

**Internet:**

[L&LT Unique Filing Status and Exemption Situations](#), Nonresident Alien Spouses

Tax Map: [Treating Nonresident Spouse as Resident Alien](#)

Dependency exemptions	<p><b>Review</b> L&amp;LT topic Dependency Exemptions.</p> <p><b>Refer</b> students to Pub 17, Chapter 3, Citizen or Resident Test when discussing adopted children.</p> <p><b>Direct</b> students to:</p> <ul style="list-style-type: none"> <li>• Personal Exemptions InterviewTips</li> <li>• Interactive Tax Assistant</li> </ul>	<p><b>Visuals:</b></p> <p>Pub 4012 (Tab C-2) <a href="#">Personal Exemptions Interview Tips</a></p> <p><a href="#">Pub 17</a>, Chapter 3, Citizen or Resident Test</p> <p><b>Internet:</b></p> <p><a href="#">L&amp;LT Unique Filing Status and Exemption Situations</a>, Dependency Exemptions</p> <p>Interactive Tax Assistant: <a href="#">Who Can I Claim as a Dependent?</a></p> <p>Interactive Tax Assistant: <a href="#">How Much Can I Deduct for Each Exemption I Claim?</a></p>
Summary	<p><b>Review</b> the lesson summary with the class.</p> <p><b>Remind</b> students that resident aliens follow the same tax laws as U.S. citizens. Nonresident aliens follow another set of tax laws, most of which are outside the scope of the VITA/TCE program.</p>	<p><b>Visuals:</b></p> <p><a href="#">L&amp;LT Unique Filing Status and Exemption Situations</a>, Summary</p> <p>L&amp;LT Unique Filing Status and Exemption Situations: Click Assessments icon to review Summary and Exercises</p>
Practice	<p><b>Select</b> the practice exercise on Form 1040 lines 1-6d and EIC line 64a</p> <p><b>Ask</b> students to select the problem based on their certification course of study.</p> <p><b>Verify</b> they have correctly entered the information on lines 1- 6d and EIC line 64a</p>	<p><b>Visuals:</b></p> <p><a href="#">Publication 4491-W Basic Comprehensive Problem and Practice Exercises</a></p> <p><a href="#">Publication 4491-W Intermediate Comprehensive Problem and Practice Exercises</a></p> <p><a href="#">Publication 4491-W Advanced Comprehensive Problem and Practice Exercises</a></p> <p><a href="#">Publication 4491-W Military and International Comprehensive Problem and Practice Exercises</a></p>

References	
L&LT	<a href="#">Unique Filing Status and Exemption Situations</a>
Form 1040	<a href="#">Form 1040</a> , Lines 1-6d and 64a
Form 13614-C	<a href="#">Form 13614-C</a> , Intake/ Interview & Quality Review Sheet, Section A, Parts I and II
Pub 4012	Pub 4012, Volunteer Resource Guide, Tabs A, B, and C, and Tab 1 <a href="#">Tab A-4, Determining Residency Status – Decision Tree</a> <a href="#">Tab B-1, Determination of Filing Status – Decision Tree</a> <a href="#">Tab B-2, Filing Status Interview Tips</a> <a href="#">Tab C-2, Personal Exemptions Interview Tips</a> <a href="#">Tab 1-9, Main Information Screen</a> , Filing Status and Exemptions section
Pub 17	<a href="#">Pub 17</a> , Chapters 1-3
Pub 4491-W	<a href="#">Pub 4491-W</a> – Practice exercise to use for Filing Status and Exemption information lines 1-6d and EIC line 64a
Optional	
Pub 3	<a href="#">Armed Forces' Tax Guide</a>
Pub 54	<a href="#">Tax Guide for U.S. Citizens and Resident Aliens Abroad</a>
Pub 519	<a href="#">U.S. Tax Guide for Aliens</a>
Pub 4588	<a href="#">Basic Tax Guide for Green Card Holders</a>
Form 1040NR-EZ	<a href="#">U.S. Income Tax Return for Certain Nonresident Aliens With No Dependents</a>
Form 1040NR	<a href="#">U.S. Nonresident Alien Income Tax Return</a>

### Recommended Classroom Activities



Tax Facts



Assessments



Media: Videos  
& Audio



TaxWise  
Tutorial



Job Aids



Practice  
Lab



#### Tax Facts: Link & Learn Taxes Unique Filing Status and Exemption Situations

Click Tax Facts as a new way to access Link & Learn Taxes Unique Filing Status and Exemption Situations.



#### Assessments – Summary and Exercises

Click Assessments for a new way to access the Summary and Exercises in Link & Learn Taxes Unique Filing Status and Exemption Situations.



#### Media: Video & Audio for Lesson

There is no media associated with this lesson.



#### TaxWise Tips and Resources for Lesson

TaxWise screen	Main Information Screen for Filing Status and Exemptions
Practice Lab Tutorial	From the Practice Lab, select: <ol style="list-style-type: none"><li>1. 2011 TaxWise IRS training</li><li>2. TaxWise Desktop Preparer with VITA/TCE Training menu or the TaxWise Online Preparer with VITA/TCE Training menu</li><li>3. Click the Main Information button, then select Part 1 (Filing basics), Part 2 (Filing Status), or Part 3 (Exemptions)</li></ol>
TaxWise TV	<a href="http://www.taxwisetv.com/presentation.asp">http://www.taxwisetv.com/presentation.asp</a>



### Job Aids

#### ITA and FAQs for Lesson

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Interactive Tax Assistant	What is My Filing Status? <a href="http://www.irs.gov/ita/article/0,,id=219892,00.html">http://www.irs.gov/ita/article/0,,id=219892,00.html</a>
	Who Can I Claim as a Dependent? <a href="http://www.irs.gov/ita/article/0,,id=219895,00.html">http://www.irs.gov/ita/article/0,,id=219895,00.html</a>
	How Much Can I Deduct for Each Exemption I Claim? <a href="http://www.irs.gov/ita/article/0,,id=219897,00.html">http://www.irs.gov/ita/article/0,,id=219897,00.html</a>
Tax Map	Filing Status <a href="http://taxmap.ntis.gov/taxmap/faqs/faq_02-002.htm#TXMP118df1a7">http://taxmap.ntis.gov/taxmap/faqs/faq_02-002.htm#TXMP118df1a7</a>
	Pub 3, Treating Nonresident Spouse as Resident Alien <a href="http://taxmap.ntis.gov/taxmap/pubs/p3-003.htm#TXMP7a722b59">http://taxmap.ntis.gov/taxmap/pubs/p3-003.htm#TXMP7a722b59</a>
	Pub 3, Alien Statuses <a href="http://taxmap.ntis.gov/taxmap/pubs/p3-003.htm#TXMP3275de37">http://taxmap.ntis.gov/taxmap/pubs/p3-003.htm#TXMP3275de37</a>
Tax Trails	Personal Exemptions <a href="http://www.irs.gov/individuals/article/0,,id=133698,00.html">http://www.irs.gov/individuals/article/0,,id=133698,00.html</a>
References	References for L&LT Unique Filing Status and Exemption Situations <a href="http://www.irs.gov/app/vita/content/07/references.html">http://www.irs.gov/app/vita/content/07/references.html</a>

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